

DM&L

Datsopoulos, MacDonald & Lind, P.C.
LAW OFFICES | EST. 1974

Missoula Offices

Central Square Building
201 W. Main Street, Suite 201
Missoula, MT 59802

Phone: 406.728.0810
Fax: 406.543.0134

www.DMLlaw.com

Hamilton Offices

Hamilton Center
1920 N. First Street, Suite C
Hamilton, MT 59840

Phone: 406.961.9003
Fax: 406.961.9004

www.DMLlaw.com

Milton Datsopoulos

Dennis E. Lind
William K. VanCanagan
Rebecca L. Summerville
David B. Cotner
Darla J. Keck
▲ Terance P. Perry
► Molly K. Howard
Trent N. Baker
Peter F. Lacny
Nathan G. Wagner
• Del M. Post
Joseph R. Casillas
George H. Corn
Kyle C. Ryan
◦ Brian M. Lebsack
• Jason A. Williams
▲▲ Anna C. Conley

Ronald B. MacDonald [1946-2002]

▲ Also admitted in Massachusetts
► Also admitted in North Dakota
• Also admitted in Arizona
◦ Also admitted in Washington
• Also admitted in Idaho
▲▲ Contract Counsel

ENVIRONMENTAL
PROTECTION AGENCY

APR 18 2015

MONTANA OFFICE

April 13, 2016

RE: Butte Mine Flooding Operable Unit Consent Decree – MRI Future Remediation Claim Escrow Annual Report

Dear Parties:

This Annual Report is made on behalf of Montana Resources, Inc. ("MRI") to conform to the Order entered by the United States Bankruptcy Court for the Southern District of Texas, Case No. 05-21207, In re: ASARCO LLC, et al. (Debtors) on December 27, 2007. The Order approved the Partial Settlement Agreement Regarding The Silver Bow Creek/Butte Superfund Site and Butte Mine filed on December 3, 2007 ("Settlement Agreement"). By Order dated April 17, 2008, the United States District Court for the District of Montana also approved the Settlement Agreement. On December 9, 2009, MRI received a distribution on the MRI Future Remediation Claim. In January 2010, MRI established an escrow account at First Interstate Bank, 101 E. Front Street, Missoula, Montana 59802, for the sole purpose of investing and distributing proceeds of payments received on the MRI Future Remediation Claim. The escrow account has identification #7269947 ("Escrow Account").

In accord with the Settlement Agreement, MRI reports the following for the year 2015:

1. The Escrow balance at January 1, 2015 was Three Million Three Hundred Sixty Thousand Six Hundred Sixty Five Dollars and Eleven Cents (\$3,360,665.11).

2. Two Million One Hundred Thousand Four Hundred Eighty Nine Dollars and Fifteen Cents (\$2,100,489.15) was paid to Montana Resources, LLP, (the "Partnership") for the Partnership's cost of Work (as that term is defined in the Butte Mine Flooding Operable Unit Consent Decree which was entered on August 14, 2002) performed during the time period of June 2014 to November 2015.

April 13, 2016

Page 2

3. MRI reports that the Work for which it requested and received reimbursement was diversion and treatment of Horseshoe Bend water and water fowl mitigation activities conducted pursuant to the terms of the BMFOU CD. In 2014 and 2015 an average of approximately 4.6 million gallons of water was diverted and treated each day at the Horseshoe Bend Water Treatment Plant.¹ Water diversion and treatment costs include costs to operate, maintain, and improve the water treatment plant. Lime delivered to and used at the water treatment plant is the single largest water treatment cost and represents 60% of total costs. Other significant expenses include lime freight, labor, and power, which represent 8%, 8%, and 6%, respectively, of total costs.

4. Interest earned on the funds held in the Escrow Account was Three Thousand Eight Hundred Dollars and Forty Two Cents (\$3,800.42). According to the Escrow Agreement, Escrow Funds will be invested and reinvested in the Certificate of Deposit Account Registry Service (CDARS) program whose members participate in the Promontory Interfinancial Network, subject to the limitations of such program. The investments must be administered in a way that provides full FDIC insurance coverage on all of the funds. If full FDIC insurance cannot be obtained due to limitations of the program then Escrow Agent shall invest any funds that are not FDIC insured in accordance with written instructions from Montana Resources, Inc.

The return on the CDs is comparable or better compared to similar investments such as money markets, municipal bonds, or treasuries. MRI continued to invest in a mix of 3 and 6 month CDs in 2015.

5. The 2015 Escrow Fee was paid with funds outside the Escrow Account.

6. The Escrow Account balance at December 31, 2015 was One Million Two Hundred Sixty Three Thousand Nine Hundred Seventy Six Dollars and Thirty Eight Cents (\$1,263,976.38).

Please contact me if you have any questions concerning this Annual Report.

Very truly yours,

DATSOPOULOS, MacDONALD & LIND, P.C.



Rebecca L. Summerville

¹ Monthly totals for water treated at the Horseshoe Bend Water Treatment Plant during the period June 2014 to November 2015 can be found in the Butte Mine Flooding Site CD 2014 Fourth Quarter Report and the Butte Mine Flooding Site CD 2015 Fourth Quarter Report which have been previously submitted to the Agencies.

Datsopoulos, MacDonald & Lind, P.C

April 13, 2016

Page 3

MAILED TO:

United States:

Chief, Environmental Enforcement Section
Environment and Natural Resources Division
U.S. Department of Justice
P.O. Box 7611
Washington, D.C. 20044-7611

Director, Montana Office
U.S. Environmental Protection Agency
Region 8 - Montana Office
10 West 15th Street, Suite 3200
Helena, MT 59624

As to the Settling Federal Agencies:

Mike Zevenbergen, Trial Attorney
Environmental Defense Section
c/o NOAA Damage Assessment
7600 Sand Point Way, NE
Seattle, WA 98115

EPA:

Nikia Green, Remedial Project Manager
U.S. EPA Region 8 Montana Office
Federal Building
10 West 15th Street, Suite 3200
Helena, MT 59624

D. Henry Elsen
U.S. Environmental Protection Agency
Region 8 – Montana Office
10 West 15th Street, Suite 3200
Helena, MT 59624

State or DEQ:

Daryl Reed
State Project Officer
Mine Flooding CERCLA Site
Department of Environmental Quality
Remediation Division
P.O. Box 200901
Helena, MT 59620-0901

Datsopoulos, MacDonald & Lind, P.C

April 13, 2016

Page 4

Jon Morgan
Legal Counsel
Department of Environmental Quality
P.O. Box 200901
Helena, MT 59620-0901

Atlantic Richfield Company:

Cord Harris, Liability Business Manager
Atlantic Richfield Company/BP
201 Helios Way, 6.392C
Houston, TX 77079

Tim Hilmo, Project Coordinator
Atlantic Richfield Company
317 Anaconda Road
Butte, MT 59701

Jean A. Martin
Senior Counsel - HSSE
BP Legal / BP America Inc.
501 Westlake Park Blvd.
Westlake 1, Room 16.184
Houston, TX 77079

Patricia A. Gallery
Global Portfolio Manager, R&M/AE
Atlantic Richfield Company/BP
201 Helios Way, Room 6.374A
Houston, TX 77079